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MAYOR

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MAYOR PRO TEM

GERRY B. ANDEEN  
COUNCILMEMBER

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COUNCILMEMBER

BILLY RAY WHITE  
COUNCILMEMBER



CIVIC CENTER / MENLO PARK, CALIFORNIA 94025 / TELEPHONE (415) 325-3211

June 9, 1978

Honorable City Council  
City of Menlo Park  
City Hall  
Menlo Park, California 94025

Dear Councilmembers:

Attached are the 1978-79 budget worksheets which contain detail about the various Zero-Based Budget increments for each department. Along with these worksheets are staff rankings and suggestions for financing the various increments.

The term worksheet is used advisedly since the passage of Proposition 13, the City loses at least \$1,022,000 from property taxes. The worksheets and rankings assume that the City will receive at least \$700,000 in property taxes. This is based on statements made by Legislative leaders in the Senate and Assembly that the State Legislature does not have enough time to devise a new allocation program so that it is relatively safe to assume that the remaining tax dollars will be allocated in the same proportion as they were on the various County tax rates before the passage of Proposition 13.

On April 25th, the Staff presented the Council with a "Jarvis-Gann Contingency Plan" which proposed to up user fees by \$140,000, transfer from other fund sources \$52,000, reduce City reserves by \$237,000, lease the Administration Building for \$100,000 and reduce services by \$493,300 (15 positions). There was an alternate consideration of reducing the work week for all City employees to 32 hours (a 20% reduction in pay) amounting to \$400,000.

The recommendations sent to you today have some significant differences because of: (1) a \$150,000 increase in the Business License Tax (adopted before June 6th); (2) reductions in increments which will be decided later -- such as the elimination of a proposed generator for the Police Department (\$9,000), elimination of travel and conference meeting funds (\$10,000), draining of the Sharon Park lake to avoid the \$4,000 water cost, elimination of the Par Course approved by the Recreation Commission and the Council (\$4,000); (3) using \$20,000 of Recreation-in-lieu fees; (4) using all Federal Revenue-Sharing funds and not funding any outside organizations (\$54,000); (5) using all the sales tax monies available and putting none towards capital improvements this year (an additional \$300,000); recommending a hiring freeze and no increases in

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salary (currently, there are two vacant secretarial positions which will be deleted, \$28,000 and elimination of a 5% salary increase would reduce future City costs by \$108,375); and (6) possible use of \$75,000 in the FACELIFT fund from the 1976-77 fiscal year (if it is not used, then such services as the swimming pools at Belle Haven and Burgess will be closed as well as all the summer recreation programs and after school programs stopped plus a reduction of 25 hours per week at the Belle Haven gym and closing of the Burgess gym on weekends and evenings).

The 15 positions suggested on April 25th are to be eliminated. These positions are the Assistant Director of Recreation, Personnel Technician, a secretary in the Belle Haven area, the Burgess Theatre Director, one street sweeper, two Police Community Service Officers, part-time clerical support at the Recreation Department and part-time relief for the switchboard operation, a Youth Service Center Counselor, three full-time equivalents in the Library (nine part-time persons), a Public Works maintenance man II, two Police Community Service Officers, and the full-time equivalent of clerical support in the Finance and City Clerk's office. Some of the basic effects of these cuts will be closing the Library one day a week, reducing street sweeping to once every three weeks; (3) terminating the City's animal control activity and terminating vacation house checks; (4) changing the Theatre into a completely non-City supported function and (any group using it will pay a portion of the receipts to the City for use of the Theatre); (5) closing the Youth Service Center at its present location and moving it to the Belle Haven Community Center and; (6) reducing parking enforcement in the business areas as the duties will now be assigned to a patrol officer at a lower priority.

No more than 15 positions are recommended for deletion at this time (unless, of course, the FACELIFT money is not used). There is an element of risk in not laying people off as the City has to pay unemployment insurance starting August 1st. For example, if an employee with fringes now costs the City \$20,000, then the advent of the City having to pay unemployment insurance will mean that after August 1st there will be a cost reduction to the City of only \$15,000. It is anticipated that unemployment insurance can cost the City up to \$100,000 per year after August 1st, depending upon layoffs.

The budget worksheets illustrate that the City of Menlo Park, like the rest of the nation is not immune to inflation. It is calculated that there is a \$300,000 inflation factor in the budget because of increased material and supply costs. So, without adding services the combined effects of inflation and Proposition 13 cost the City \$1,322,000.

The possibility of leasing the Administration Building is not shown on the worksheets, but is a definite possibility and by doing so the City could retain the services of the animal control officer and other programs up to \$75,000 the first year. It is anticipated that alterations of at least \$25,000 to the Library basement would be needed in order to make it workable for the Engineering, Finance, Community Development, Building, City Clerk, and City Manager Staffs. After the first year, the full \$100,000 could be used to offset personnel and service cost.






Honorable City Council  
June 9, 1978  
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The alternate consideration of reducing the work week for all City employees to 32 hours has been found basically unacceptable by the various employee groups contacted. If the Council wishes to consider this matter further, then the Management team will meet and confer with the employee groups on this matter.

The Management staff needs Council input at this point since such items as the salary freeze have not been discussed with the various employee groups and this must be done on a good faith basis before any action can be taken.

It is hoped that the Council and the Management staff can discuss the various alternatives for reduction of and change in service so that a budget can be presented and heard in the very near future.

Very truly yours,



Michael A. Bedwell  
City Manager

MAB:a

Attachments

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## CITY OF MENLO PARK

## 1978-79 GENERAL FUND

Proposed cuts  
(includes 15  
positions, see  
separate list)

"One-shot"  
Reserves  
\$377,000

{ Hiring Freeze  
Rec. In-lieu  
Revenue Sharing  
Facelift  
Sales Tax

Sales Tax  
Transfer  
(increase)

Business License  
(increase)

Building Permits  
Other Fees  
(increase)

Property Tax  
(Prop. 13 est.)

"Normal" General  
Fund Revenue  
Items

\$ 302,000

\$ 50,000

\$ 20,000

\$ 52,000

\$ 75,000

\$ 180,000

\$ 300,000

\$ 150,000

\$ 150,000

\$ 700,000

"?"

\$2,565,000

REVENUES

← \$4,544,000 →

\$ .679,000

← \$3,865,000

7% Inflation  
factor

\$ 304,000

\$4,240,000  
'77-'78 Budget

EXPENDITURES

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CITY OF MENLO PARK

GENERAL FUND

PROPOSED CUTS FOR 1978-79

1.	Burgess Theatre	\$ 30,800
2.	P.B.X./Recreation Clerical Relief	15,700
3.	'78-'79 Facelift Donation	50,000
4.	Library (closed 1 day per week)	38,000
5.	Belle Haven Pool (closed completely)	12,500
6.	Burgess Pool (closed, except summer)	6,000
7.	Summer Playground & School Year Recreation	25,000*
8.	PAR Course Funds	4,000
9.	Deletion of Revenue Sharing Funds for Non-City Organizations (\$72,000) and Revenue Sharing Funds Transferred	
10.	School Crossing Guards	5,300
11.	Animal Control Service	19,500
12.	Crime Prevention Education	13,000
13.	Closes Burgess Gym in Evenings	6,000
14.	Youth Service Center Counselor	15,000
15.	Youth Service Center Secretary	7,500
16.	Sweep Streets Every Three Weeks	15,000
17.	No Street Tree Service	15,000
18.	Travel and Training Expenses Reduced	10,000
19.	Police Department Emergency Generator Deleted	9,700
20.	Sharon Park Lake Drained	<u>4,000</u>
	Proposed Cuts	\$302,000
	*This cut "saved" by Sunset Magazine's Gift	<u>\$ 25,000</u>
	"Net" Cuts	\$277,000

\*\* Part Time Positions





CITY OF MENLO PARK

1979-80 GENERAL FUND

40 positions must be cut  
to make up deficit

←\$4,750,000→

\$ 770,000 "Gap"

←\$3,980,000

\$ 630,000

Sales Tax transfer  
Business Licenses  
Building Permits  
Other Fees  
'78-'79 Increases  
(+5% = \$30,00)

\$ 735,000

Property Tax  
(+5% = \$35,000)

?

\$2,615,000

"Normal" General  
Fund Revenue Items  
(+2% = \$50,000)

REVENUES

9% Inflation factor  
\$408,000

\$4,242,000

'78-'79 Budget

EXPENDITURES





↑  
\$302,000 Proposed Cuts  
↓  
↑  
Items  
↓  
\$377,000 "One-Shot"  
↓

20) 4,000  
19) 9,700  
18) 10,000

17) 15,000  
16) 15,000  
15) 7,500  
14) 15,000  
13) 6,000  
12) 13,000  
11) 19,500  
10) 5,300  
8) 4,000

7) 25,000  
6) 6,000  
5) 12,500  
4) 38,000

3) 50,000  
2) 15,700  
1) 30,800

Hiring Freeze  
50,000

Rec. In-Lieu  
20,000

Revenue Sharing  
52,000

Facelift  
75,000

Sales Tax  
180,000

\$3,865,000

DUPEN

ANDEEN

BLOCH

STEPHENS

WHITE



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